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Attorney for Debtor: ARCON CONSTRUCTION CORPORATION

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DISTRICT**

In re:)	Chapter 11
)	Case No. 24-30679
ARCON CONSTRUCTION CORP.)	Date: November 8, 2024
)	Time: 10:00 a.m.
)	Place: Telephone/Video
Debtor)	www.canb.uscourts.gov/calendars
)	Judge: Hon. Dennis Montali
)	

MOTION FOR AUTHORITY TO USE OF CASH COLLATERAL ON ITERIM BASIS

I - INTRODUCTORY STATEMENT

Debtor respectfully represents:

1. Debtor filed a petition for relief under Chapter 11 of the Bankruptcy Code on 09/13/24.

2. Debtor operates a general construction and development business that includes planning, design, general contracting and construction management. Since 1999, Arcon's strategy has been to provide a one-stop shop for homeowners, investors, and developers. The Debtor continues to manage and operate its businesses as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

1 3. Debtor has a generally successful construction business,
2 showing gross sales of \$5,646,737 in 2022, \$5,581,487 in 2023, and
3 \$2,424,872 at the time of the filing of this Chapter 11 case in
4 2024.

5 Purpose for the use of the Cash Collateral

6 The purpose for the use of the cash collateral is to pay the
7 Debtor's ordinary operating expenses, including, but not limited
8 to, salaries, vendors, utilities, insurance, maintenance, etc.

9 Terms of the use of the Cash Collateral

10 Debtor plans to file a 3-5-year plan, the use of the cash
11 collateral on an interim basis will be for the duration of the
12 case until the earlier of (1) December 12, 2024, or (2) Debtor
13 exits Chapter 11. No motion for authority to obtain credit is
14 contemplated during the interim period.

15 Background

16 4. During the COVID pandemic, on or around May 20, 2020,
17 Debtor received an SBA disaster loan for \$150,000, secured by the
18 assets of the corporation. The agreed monthly payment on that note
19 is \$731. The note has a first priority lien on debtor's business
20 assets. The balance on the loan is \$132,748.

21 5. The other lien on the assets of the corporation is
22 from the Internal Revenue Service. According to their proof of
23 claim no. 7 filed on 10/03/24, the IRS has a secured claim of
24 \$110,743.50 against the assets of the corporation. The claim was
25 assessed on 08/21/23.

26 Treatment of liens

The following are the secured creditors with an interest in the cash collateral, in order of priority, with the proposed Adequate Protection payments for each lienholder.

LENDER	PRIORITY	LIEN	APPROXIMATE AMOUNT	ADEQUATE PROTECTION PAYMENT	APPROXIMATE VALUE OF COLLATERAL
A) Small Business Adm.	1		\$132,748.41	\$1,000.00	\$132,748.41
B) IRS	2		\$110,743.50	\$500.00	\$110,743.50
Total			\$243,491.91	\$1,500.00	\$243,491.91

6. The Debtor had \$ 320,902 in cash at the time of filing its case, in addition to work in progress valued at \$581,937. As shown in its first operating report and the attached 6-month projections, the Debtor has cash to fund its operations.

7. In addition to its secured debt, the Debtor owes a priority debt of \$138,909.05 to the Internal Revenue Service and a priority debt of \$900.44 to the Franchise ax Board.

The undersigned Certifying Professional has read the accompanying motion and the Cash Collateral - Post Petition Financing Introductory Statement; to the best of my knowledge, information and belief, formed after reasonable inquiry, the terms of the relief sought in the motion are in conformity with the Court's Guidelines for Cash Collateral and Financing Motions and Stipulations except as set forth above. I understand and have advised the debtor in possession that the court may grant appropriate relief under Rule 9024 if the court determines that a material element of the motion was not adequately disclosed in the introductory statement.

1 Dated: October 24, 2024

/s/ Eric Gravel
Attorney for debtor-in-possession

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1 Exhibit 1 - 6-month projections

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Case Name: _____ Case No.: _____

PROJECTED POST-PETITION CASH RECEIPTS AND CASH DISBURSEMENTS

FOR THE FIRST SIX-MONTHS BEGINNING: _____ (date of filing MM/DD/YY)

	MONTH OF FILING	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6
BEGINNING CASH BALANCE						
<u>Cash Receipts:</u>						
Cash sales (<i>ordinary course</i>)						
Rents/Leases Collected						
Accounts Receivable Collected						
Proceeds from Sale of Asset(s)						
Borrowings						

Total Cash Receipts						
<u>Cash Disbursements:</u>						
Payments to Vendors						
Administrative Expenses						
Payments on Secured Debt						
Rent/Lease Payments						
Pmts to Owner(s)/Officers/Insiders						
Salaries/Commissions						
Tax Pmts:						
Payroll Taxes - Employee						
Payroll Taxes - Employer						
Sales Taxes						
Real Property Taxes						
Other Taxes						
Payments to Professionals						
Pmt of United States Trustee Fees						

Total Cash Disbursements						
Net Increase/(Decrease) in Cash						
ENDING CASH BALANCE						